



REI- Recreational Equipment, Inc.
UNIVERSAL CARRIER
Product Development Process



Professional Challenge U5A1
PRODUCT DEVELOPMENT PROCESS
Company: REI
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Review of Product Description

This report concerns a new design of a roof top carrier with moveable cross bars and a set of straps and universal clamps that can be moved freely and positioned anywhere on the bars. This feature provides the benefit that it can carry many different types of outdoor "Human-powered" sports equipment—bicycles, skis & snowboards, canoes & kayaks—even luggage. Most existing carriers are designed specifically for one type of gear. So-called "multi-purpose" carriers now on the market are merely racks onto which equipment can be tied down.

PART 1- POTENTIAL MARKET DESCRIPTION

NOTE: Many of the statistics and research findings contained in this report were found in "*Exploring the Active Lifestyle*", an Outdoor Industry Association consumer outreach report released in January, 2004. The report was funded by REI, OutdoorRetailer and members of the OIA. The results are based on interviews and questionnaire responses from 2,045 US citizens over the age of 16 who qualified as human powered outdoor activity participants.

1.1- Narrowing Down Market Segments that offer the Best Potential

Because the Universal Carrier can carry multiple types of equipment, customers need not purchase multiple types of carriers. Therefore, it seems logical to conclude that the prime market for the Universal Carrier are consumers who participate in outdoor, human-powered activities and who also own more than one kind of equipment. If there is a market for this product, there must be evidence that a significant number consumers actually do own kayaks *and* skis, mountain bikes *and* canoes, and so forth. According to the OIA survey, there is:

80% of current participants are interested in new activities.
63% participate in more than one outdoor activity.
Average # of human powered activities: 2.6

(REF)

Who are these people and how can we reach them? Again, we will make a logical guess, then see if there is evidence to support the premise. Two groups spring immediately to mind: families with children; and avid outdoor sports enthusiasts.

1.2- First Target Market: Families

A broad generalization that we will accept as given is that many outdoor pursuits are widely considered to be family activities—skiing, camping, fishing, boating and hiking,

for example. Families with children seem to have strong market potential since many families who are active in the outdoors participate in both summer and winter activities, creating a demand for different seasonal equipment. The fact that a family consists of many people with varied interests would also seem to increase the likelihood that more than one activity would be pursued.

The Outdoor Lifestyle study does not prove that any of those suppositions are true, but does provide some indications that support their validity:

"Because of the emotional benefits, participating in outdoor activities is a life-long experience that they (study participants) want to share, especially with family.

- *67% of participants state they have been participating in outdoor activities for as long they can remember. (In other words, they did them as kids with their families)*
- *55% of participants would like their children to experience more outdoor recreational activities. (This seems to indicate that parents feel outdoor activities are positive experiences for their kids, making them more likely to pursue them.)*
- *79% of participants feel outdoor activities strengthen family relationships."*

1.3- Second Target Market: Avid Outdoor Sports Participants.

The study draws a clear connection between physically challenging outdoor activities and participant's concerns for their health, fitness and emotional well-being.

"The longevity of outdoor participation is rooted not only in the functional health benefits but also in the emotional benefits of actual participation.

- *Over three-fourths of participants agree that participating in outdoor activities gives them a feeling of accomplishment, an escape from life pressures, and a connection with themselves.*
- *63% like the physical challenge.*
- *79% are proactive about their health."*

That is all well and good, but what evidence is there that these avid outdoor sports enthusiasts are likely to participate in multiple activities, requiring a variety of gear that in turn, requires multiple carriers to transport them? There is no lack of anecdotal evidence. A casual survey of friends who I know to be active in the outdoors are all potential customers for a Universal Carrier. Summer/Winter equipment combinations seem to be common—bicycles and skis, for instance. My brother is an extreme example.

He has two kinds of bikes, a canoe, a kayak and cross country skis. Again, an un-proven yet reasonable assumption seems to be that active people prefer to stay active year round and are likely to switch from one outdoor sport to another as the seasons change. This observation could be proved or at least substantially supported if REI has a information-rich database on their customers and their purchase histories. Such a source would clearly show the degree to which people tend to own multiple equipment types.

1.4- So How Many Potential Buyers Are There?

Let the guessing games begin! Again, use and participation statistics may provide some guidance. First, I would turn again to internal company records to find the frequency of multiple carrier purchases—how many people purchased a bike carrier *and* a ski rack *and/or* a paddle-powered boat carrier. Those records will more than likely show us those people who will NOT buy the Universal Carrier, since they already own multiple carriers and do not need another one. They do indicate a trend and estimate for future customers who could avoid multiple purchases by buying a Universal Carrier instead. A rough estimate might be 30% - 50% of the number of multiple carrier purchases per store per year, (based on survey findings that 63% of customers pursue more than one activity).

A Market Research Consideration: According to the study, hiking and bicycling are the most common activities that people begin their outdoor experiences with, adding other pursuits with time. How likely is it that people making their first bike purchase will recognize the benefit in a Universal Carrier that will meet their future multi-gear transportation needs?

INITIAL PRODUCT DESIGN STRATEGY DECISION:

Eventually, the Universal Carrier will, like other multi-purpose carriers be made available in two versions. One for people who have no existing roof rack and one that incorporates existing factory luggage rails. Because the factory roof rack compatible variant has fewer parts, requires no professional installation and can be sold at a lower price, it will be made available first. Market testing of this simpler version of the product will establish whether or not the whole idea of a Universal Carrier is likely to be accepted. If so, the full product line will then be released.

PART 2- PRODUCT ELEMENTS

2.1- Packaging:

Given its size and number of parts, this product will be inherently clunky. However, clever packaging can minimize those drawbacks and even enhance the image of the product and the company. Packaging should be attractive, simple and easy to use.

Parts:

DESCRIPTION	QUANTITY
Horizontal Cross Bars	3
Universal Padded Clamps	6

Cargo Straps	2
Color-Coded Marker Tape Rolls	5
Instruction Booklet	1

These quantities are standard, but additional units can be purchased separately, allowing buyers to customize their carrier to their unique needs. Extra packaging space will need to be allowed for these additions.

Durable, tube-like devices are already in common use. Those designed to carry skis and golf clubs for airline travel are two examples. Since the largest components of the Universal Carrier are long and narrow, a tube-like container seems to be the ideal shape to begin with. Elongating the tube slightly and installing a removable bucket-shaped container in that space provides a storage area for clamps, straps and marker tape. The storage bucket will be compartmentalized in order to keep small parts in order. A top-cap will enclose the end of the tube and be held in position by a strap. The container tube will be made of durable, rigid plastic. A handle will be installed at the approximate center of gravity to allow it to be carried easily.

The container tube will also help to brand the product. (REF pg. 377) The color will be a patterned dark green, consistent with established REI store colors and signage. The REI logo with web address will be displayed prominently. A series of simple illustrations will be printed on the reverse side of the tube. They may help prospective buyers grasp the concept if seen in a retail setting and can serve as a quick guide for customers while installing or configuring their Universal Carrier.

DESIGN

The Universal Carrier is designed to be versatile,— able to carry a wide variety of outdoor equipment— and to be easy to use and have a shallow learning curve. Roof rack carriers are not, by nature, attractive but every effort will be made to keep its design as appealing and unobtrusive as possible.

Differentiation:

The use of universal padded clamps, capable of securing a wide variety of objects is the principal design feature that differentiates this carrier from any other carrier on the market. There are generic multi-purpose roof racks to which equipment can be strapped, but straps and tie downs are not as secure or convenient as carriers designed specifically for bikes, skis or paddle-powered water craft. However, such security and convenience require consumers who own a variety of outdoor equipment to purchase a variety of carriers to haul them. The Universal Carrier fulfills all those needs with a single carrier purchase.

PART	DESCRIPTION
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Horizontal Cross Bars	... will be constructed of vinyl-coated aluminum. They will be approximately 2 inches thick, come in a variety of lengths, (matching the width of compact, midsize and large vehicles). Crossbars will be flat on the top and bottom; sides and ends will be rounded. Prior to production, research will be conducted to determine what are likely to be the most popular vehicle colors during the next five years. Vinyl coating colors will be compatible with the most popular of them.
Universal Padded Clamps	Clamps will be sets of pairs– one attached to the crossbar, the other to the object being carried– and will be able to move independently and adjust to any angle. The clamps feature rubber pads on points of contact. They will be black.
Cargo Straps	During internal alpha testing, two types of straps will be tried: stretchable, rubber bungy-type straps and adjustable nylon cargo straps. (REF pg. 341) “Probe and learn” techniques will be used to determine whether one, the other or both types of straps should be used. (REF pg.44) Each will be equipped with connectors that attach securely to the universal clamps. They will also be black.
Color-Coded Marker Tape Rolls	Rolls of color-coded marking tape will be labeled “Bike”, “Ski”, “Snowboard”, “Canoe” and “Kayak” will be included, along with a roll of white tape that customers can label themselves. The tape should be waterproof and capable of outdoor use.
Instruction Booklet	This will be simple, black and white, written in plain language and contain illustrations of each part and procedure. Customer feedback questions will help determine if people found it helpful and easy to understand or whether further revisions to it are necessary.

Universal Carrier Features & Benefits

FEATURE	BENEFIT
Aluminum Horizontal Cross Bar	Durable and lightweight, they are strong enough to carry the load, yet easily moved and removed by any user.
Color Vinyl Coating	Protects the metal from the elements while providing a surface that is easy to handle and a color that is compatible with the most popular vehicle colors.

Oval Shape, flat top/bottom	Flat surfaces provide secure surface contacts with factory luggage rails and with the equipment being carried. Oval ends and sides are attractive and eliminate sharp edges and corners.
Moveable	Crossbars can be positioned along the length of the vehicle to provide the best support for a variety of outdoor equipment.
Removable	To make positioning fast and easy, cross bars can be removed and clamps positioned to mate with equipment while it is on the ground, eliminating the inconvenience of hoisting the gear onto the roof of the vehicle.
Universal Clamps	Can be moved to any position along the cross bars, (which can be moved to any position on the luggage rail) creating the single biggest benefit of the Universal Carrier: Consumers who own many types of outdoor gear can now carry all them by purchasing ONE, not many types of carriers.
Rubber contact pads	Protect the surfaces of the equipment being carried.
Black color	Make the clamps less conspicuous and more visually appealing
Cargo Straps	Provide additional and backup security for gear being carried. Kayaks, for instance can be secured by clamps on the perimeter of the cockpit AND across the ends of the hull by straps.
Bungy vs. Cargo Strap Styles	Bungy-type cords stretch and are easy to use. Cargo straps allow the amount of tie-down force to be controlled. Trying both types during product testing will enable us to determine whether one type is superior to the other or if both should be included in the kit.

Color-coded Marker Tape- each color labeled for a specific type of gear.	Marker tape will allow customers to mark clamp positions to make re-configuring the carrier fast and easy. For instance, a family that hauls bikes and canoes in the summer can mark those clamp positions. The clamps are repositioned to carry skis and snow boards through the winter. In the spring they do not have to figure out the bike/canoe configuration all over again. All they have to do is place the clamps at the positions indicated by the marker tape.
White, unlabeled marker tape	... allows customers to custom-label their tape markers.
Instruction Booklet	Provides illustrations, instructions, examples and customer service contact information that allow customers to properly install and use their carrier, provide the firm with feedback and seek help if they need it.

PART 3- PRICING

“Sell value not price.”
 (REF KOTLER PG 470)

That sentiment is especially appropriate for the Universal Carrier. Those who pursue the active outdoor lifestyle typically enjoy above average incomes and often prefer value and quality to low price/low quality products. (REF) Also, a primary benefit of the Universal Carrier is the substantial savings it provides by eliminating the need to purchase multiple carriers. Its biggest value is that it saves money. The ideal pricing situation for the Universal Carrier would be one in which end users believe that they are getting a quality, high value product at a very reasonable price and has the added benefit of saving them money.

Price Objectives:

1. Capture Market Share
2. Generate positive revenue streams

These objectives will be met by employing two tactics: an appropriate pricing strategy and cost containment.

Price Strategy Options: If production costs are low, a Value Pricing strategy would be used to gain market share; “win loyal customers by charging a fairly low price for a high-quality offering.” REF Kotler pg.484) If production costs are high, a Skimming Strategy will be pursued, using "a price clearly above the market, but appropriate to a differentiated product." (REF pg. 407)

Cost Containment Strategy: Maintain healthy profit margins by keeping production and channel costs low.

The design of the Universal Carrier lends itself to meeting these objectives. As delivered to the end user, it is not a highly-fabricated device. Instead, it is a collection of simple, common components. If the Universal Carrier can be produced at a lower cost per unit than most other carriers, it could be priced very competitively yet still provide a healthy profit margin. To make those determinations, we will first gather pricing information for carriers currently on the market in order to establish a target price range. Then, production costs and profit margins will be estimated and a suggested retail price will be set. Can we sell it at a value price and still maintain healthy margins or should a skimming strategy be employed?

Broad Price Range Examples:

Bike Racks	Thule	\$80 - \$150
	Yakima	\$90 - \$130
Ski / Snowboard Carriers	Thule	\$110 - \$175
	Yakima	\$90 - \$110
Watercraft	Thule	\$75 - \$160
	Yakima	\$70 - \$100
Luggage	Thule	\$100 - \$700
	Yakima	\$90 - \$530
Multipurpose- Using factory luggage rails	Thule	\$75 - \$205
		\$50 - \$130
Multipurpose- Installed on vehicle	Thule	\$135 - \$229
	Yakima	\$105 - \$130

Production Cost Guestimates:

Many components of the Universal Carrier can be purchased off the shelf. If we assume that their wholesale cost is about one third of their retail cost we can estimate production costs for the Universal Carrier. NOTE: This is a WAG (wild... guess). In real life firm price quotes from suppliers would be required.

ITEM	RETAIL	WHOLESALE (retail x 30%)	QUANTITY	TOTAL
Vinyl-coated Aluminum Crossbar	\$22.00	\$ 6.60	3	\$19.80
Universal padded clamps	14.00	4.20	6	25.20
Load Straps	11.00	3.30	2	6.60
Bunge cords	-----	1.39	6	8.34
Color-coded tape	-----	0.49	5	2.45
Tube Carrier	40.00	12.00	1	12.00
TOTAL RAW MATERIALS				\$74.39
Thule, B&H Photo, Uline, Amazon, ushardware.com				

Suggested Retail Price: \$150.00

Based on the following formula:

Raw materials (rm)	(50%)
Labor/Transportation (lt)	(50%)
<u>Profit Margin (pm)</u>	<u>(45%)</u>
Retail Price (rt)	(100%)

$$\$75.00(\text{rm}) + \$7.50(\text{lt}) + \$67.50(\text{pm}) = \$150.00(\text{rp})$$

This price will be adjusted incrementally upward or downward based on demand.

Pricing Strategy Decision: Skimming

While not new to the world, the Universal Carrier is certainly “new to the world of carriers.” As a somewhat unknown quantity, we were hoping that the Universal Carrier's modular, off the shelf components would make a penetration pricing strategy possible. Although production cost estimates were deliberately skewed high, it now appears that penetration pricing can only be achieved by sacrificing profit margins. Therefore, we are recommending a Skimming Strategy. If sales are sluggish we can always switch to value pricing, then determine if profits justify moving the Universal Carrier into full production.

PART 4- CHANNELS AND DISTRIBUTION STRATEGIES

SUPPLY CHANNELS

As noted earlier, car racks are nothing new, so the Universal Carrier must be considered to be an improvement rather than a new-to-the-world product. However it is unique among carriers so some brand new product concepts apply. One that does is that “alliance partners make a larger contribution so more effort and time is spent on identifying the best partners in order to obtain resources and negotiate terms of the relationship.” (REF pg.42)

Channel partners will be very important in making the Universal Carrier a success. REI is a retail organization, not a manufacturing firm. However, knowing our customers and seeing a gap in their needs REI can describe that need in detail and guide the production of a new product such as the Universal Carrier. This can be done by identifying alliance partners and drawing on their experience and core competencies. REI already has vendor relationships with carrier makers Thule and Yakima and with the makers of bungee cords and cargo straps. New alliances will need to be formed with the makers of clamps and of marker tape.

DISTRIBUTION CHANNELS

What is REI really, really good at? REI has decades of experience serving fans of outdoor active sports. REI finds, stocks and sells high quality outdoor clothing and equipment. The company’s core competency is retailing these products. They choose suppliers. Suppliers ship products to REI warehouses which are then shipped to

individual stores. That's what REI does well and that is exactly what they will do with this new product. REI will PACKAGE and DISTRIBUTE the Universal Carrier, not manufacture it.

1. Members of the REI new products team purchase a variety of off the shelf components from these or other suppliers.
2. A number of functional prototypes are created using a variety of these off the shelf components.
3. Prototypes are alpha tested and the best combination of components is agreed upon.
4. A working prototype made of these components is gamma tested by end users in real world conditions. (REF pg. 342) Suggestions and problems uncovered during testing are compiled for evaluation.
5. Based on a review of those recommendation, the new product team will determine if these off the shelf components will work or whether customized components will be required.
6. Suppliers are contracted to produce components made to specs provided by the new products team.
7. Those final, modified components will then be used for initial test runs.
8. Once those components are fabricated and tested, limited production runs will be made.

Initial Distribution Chain:

Suppliers > REI warehouse > REI Retail locations
v OR > Direct to end user via website

Prior to launch, suppliers will ship their components directly to REI warehouses. There, parts will be inserted into their correct position in the Universal Carrier's container tube and shipped from there to REI retail stores or directly to end users in the case of orders received via the website.

Modified Distribution Chain as a strategy for product maturity

If the universal carrier proves itself to be popular copycats are sure to arise. That threat could be muted by forging an agreement with THULE to assemble and sell the Universal Carrier under license to other retailers. This way, REI still profits from sales of their invention by others. The distribution chain would then look like this:

Suppliers > Thule Manufacturing Plant > Retail customers including REI
v OR > Direct to end user via website

COMMUNICATION CHANNELS:

Direct to Retail Customers: The bulk of the marketing efforts for this product will occur at the point of purchase in REI retail locations. These efforts will include live demonstrations by trained staff members, a hands-on display that customers are encouraged to play around with and through point of purchase displays that explain the universal carrier concept with powerful visuals that can be understood quickly and easily.

- Employee training will be a critical success factor for retail sales
- Personal Selling will be an essential launch tactic for generating both awareness

and trials
(REF pg. 400-404)

The product will also be promoted through REI contacts with local outdoor organizations and their web groups (REF) through banner ads on outdoor websites, and through product reviews in outdoor magazines and websites and eventually through advertising in other outdoor publications and programs. (REF)

Mass media marketing is not recommended at this time. As with any new product, budgets are limited and seeking the biggest marketing bang for the buck is obligatory. Focusing those efforts on customers at our retail locations, visitors to web sites dedicated to the outdoor lifestyle and readers of outdoor-oriented publications ensures that almost every eyeball we reach will be the eyeball of a potential buyer. Many of these communication channel strategies will be explored in greater detail in the next section.

PART 5- PROMOTION

Communication Plan

What must we communicate to whom if this product is to be successful?

1. The benefits of the Universal Carrier must be communicated to channel partners to ensure their enthusiastic support of this effort.
2. REI retail employees must become very familiar with the product in terms of features and benefits as well as hands-on knowledge gained through product training.
3. Customers from both the outdoor family and outdoor sport enthusiast target markets must understand the features and benefits of the Universal Carrier.
4. Experts must gain access to product trials in order to provide their reviews of its features and benefits for the active outdoor public.

Competitive Advantage

At present, the rooftop carrier market offers devices designed to carry specific types of outdoor gear: bicycles, skis, snowboards, kayaks and canoes, for instance. Multi-purpose carriers exist but are really just rail-based luggage racks that do not provide a way to secure equipment beyond simply tying it down. Market research studies confirm that many outdoor enthusiasts participate in more than one type of outdoor activity and therefore, must either purchase multiple carriers or devise home-grown methods of securing equipment to generic luggage racks.

The Universal Carrier offers a money-saving advantage by eliminating the need for multiple carrier purchases. It also offers more convenience and greater safety through the use of sturdy, adjustable clamps, that hold gear securely and also mate with heavy duty straps.

Copy Strategy Statement

Market Segment Being Targeted:
Active Outdoor Families with children
Outdoor Sports Enthusiasts

Product Positioning Statement (nonpareil, target pg375)

“You should buy the Universal Carrier rather than other types of carriers because: The Universal Carrier saves you money because it eliminates the need to purchase multiple carriers. It offers tremendous flexibility, superior convenience and holds all types of outdoor equipment securely. There is no other carrier like it. The Universal Carrier is perfectly suited to meet the needs of active families and outdoor sports enthusiasts” This statement summarizes the product’s benefits and supplements those claims with nonpareil and target surrogate positioning claims. (REF pg.375)

Promoting the Universal Carrier to end users

Synopsis: In order to gain the maximum bang for every promotional dollar we spend, the plan is to focus those efforts in places that contain the highest concentrations of target market members. Those places include REI retail stores, outdoor organizations in local markets, on-site locations in local markets, (trail heads, state parks, marinas, ski resorts, etc), online newsgroups, outdoor magazines and websites, (through both advertising and expert reviews), and the REI website.

These channels will be accessed incrementally, starting with test marketing in a limited number of stores and the communities they serve. Learning from those markets will be applied to later, broader promotional efforts.

Promotion at REI retail locations:

Personal Selling by highly-trained employees

Point of Purchase displays that promote the product and illustrate its use

Live Demonstrations lead by employees, offer trial opportunities for customers

Hands-On Display Model for customer trial opportunities.

"Promotional/How-To" Video plays in store.

Promotion in Local Markets:

Sponsor or support local group activities for product exposure

Print displays at "points of use"—marinas, trailheads, ski resorts, etc.

Announcements on local outdoor group websites and usergroups

Recruit local outdoor enthusiasts for focus group and product use tests.

Promotion in media targeting the active outdoor lifestyle and activities:

Fortunately, such media outlets are plentiful. Action Sports Group (www.actionsportsgroup.net) is just one firm that publishes a variety of targeted magazines and companion websites. They include such titles as "Snowboarder", "Powder", "Bike" and "Canoe & Kayak"; (www.snowboardermag.com, www.powdermag.com, www.bikemag.com, www.canoekayak.com)

Advertising:

Print Advertising

Banner Advertising

Public Relations

Writers and/or Experts publish reviews in these publications and websites

Promotion on the REI website:

The Universal Carrier as a "featured new product"

Convert the in-store "How To/Promotional Video" for web play

Illustrations or Flash Animation that demonstrate Universal Carrier capabilities.

Include the Universal Carrier in the "Car Racks" products section.

OTHER PROMOTIONAL POSSIBILITIES

Include the Universal Carrier, when appropriate, with other REI brand advertising and promotional efforts. Honda, Yamaha and Suzuki motorsports divisions have pursued this strategy—producing print, billboard and television ads that promote the brand and include images of all product lines: street motorcycles, sports motorcycles, off-road motorcycles, ATV's, snowmobiles and motorized watercraft.

PART 6- LAUNCH

Overall Launch Strategy:

MINIMARKET ROLLOUT

Although the Universal Carrier is technically a line extension it is unique in its capabilities, features and benefits. It is a new idea in many ways and we should expect a steeper than normal learning curve for those who will be selling or buying the product. It seems highly likely that initial marketing efforts will need to be evaluated, adjusted and improved as the launch progresses.

Scope of Entry: Therefore, the launch plan calls for a rollout approach that begins at a limited number of REI stores. Experience gained in these mini-markets (REF pg. 426) will allow us to fine tune the launch before broadening its scope. Another reason to limit the size of the market test is that the Universal Carrier is a relatively simple product that will be easy to copy. We want rich feedback but also want to fly these initial launch activities under the radar. The first group of mini-market tests will include only four REI retail locations: one in the Northwest, one in the Southwest and two in the east. This should alert us to end-user needs that may be unique to the outdoor activities in each of those areas of the country.

The Pre-Game Show

Technical Side: Production capacity and initial quality control

The Universal Carrier's design is remarkably simple, yet up and down sides exist. On one hand, most of its components arrive at REI distribution centers as off the shelf items from five vendors. Fabrication is minimal, although REI employees must assemble the final packaging. On the whole, very simple. The downside is that a glitch or delay from any of those five vendors can halt an entire shipment. One aspect of this process that we will test during the launch phase is to establish how close we can come to maintaining a "Just In Time" delivery system that eliminates or minimizes inventory. The greater the

likelihood of potential vendor delays, the greater the need will be to keep inventory on hand in order to prevent shipment delays to the retail stores. The initial production run should be assembled BEFORE rollout begins. The first replacement shipment will be ordered somewhat early so that a pure JIT approach can be tested, with a cushion for delay, should one occur. This will also provide an opportunity for warehouse personnel to explore the package assembly process to identify the most efficient procedures.

Marketing Side: Augmented product, beta testing and the final market plan

Augmented Product:

Core Benefit: eliminates the cost of multiple carrier purchases

Formal Product: moveable crossbars, flexible, moveable clamps, straps, accessories.

Augmentation: convenient, sturdy packaging; device can also be used for indoor off-season storage; lifetime guarantee; customer service support via phone, web or live at store; REI credit

Alpha, Beta, Gamma Testing

By Product Development Team, then by store employees, then by non-employee experts (not for review or publication, just for internal feedback), trial by customer focus groups

Planning for the New Product "End Game"

Metric to determine when the product has succeeded or if it has failed

If it succeeds, plan for handoff of product management from new product team to normal functional channels.

Launch Schedule:

Week 1-

- Coordinate with vendors for near simultaneous arrival of parts at REI distribution centers.
- Point of Purchase promotion and advertising materials arrive at retail stores.
- Internal Pre-announcement to inform REI employees of the upcoming product rollout.

Week 1 & 2-

- REI crews assemble and disassemble packaging, experimenting to find most efficient methods. This will include rearranging the assembly area, trying different procedures, standardizing the assembly process and documenting it for training purposes.
- Retail managers prepare crews in test market stores for rollout activities, setting training schedules, rollout responsibilities, etc.

Week 3-

- REI retail employee training sessions
- In-store demo practice and dry runs

Week 4 and onward-

- Active in-store promotion begins: POP materials on display, hands-on Universal Carrier with “stunt” gear on display in store for customer trials. Personal selling efforts in full swing.
- Experiment with pricing to see if demand will support higher than the original price target or whether a lower price would result in higher profits.
- Track sales using scanner data. Follow up with buyers to obtain feedback.

Week 6-

- Review of launch so far. Questions to consider: Is the Universal Carrier functioning as claimed? Are any obvious product improvements required? Have any safety issues appeared? Is the concept being well-received by the public? How many units have been sold? Are those buyers among the target markets we planned for or should we reconsider those assumptions? Was the training sufficient? Should we order more units? If so, how many. Finally, there is the ultimate question: “Go or NO-GO?”
- Report review findings to the New Product Development Group for evaluation.

Week 7-

- New Product Development group fine tunes the plan, makes major revisions to the plan or dumps the project entirely.
- If it is a go, reorder product as demand indicates, communicate changes, recommendations to managers at test market stores, authorize the expansion of local marketing efforts to include contacts with outdoor groups, websites and news groups, inclusion of the product in REI sponsorships of local outdoor events, placement of promotional materials at point of use sites– marinas, ski areas, trailheads, etc. Invite local experts or loyal customers to use the product and offer feedback.
- If the marketing plan requires only minor changes and the product appears to be popular a decision must be made as to the next phase and scope of the rollout? Has critical mass be reached for a full national launch?

Month 3

At this point the launch schedule will depend entirely on what we have learned from the mini-market rollouts. If major problems arise the schedule will need to expand to allow for the necessary planning and implementation of changes, assuming the project proceeds at all. However, if the plan goes well and the product proves to be popular we will then have to move quickly. As designed, the Universal Carrier is a relatively simple product that will be quite easy to copy. That is also why we began with very limited, local test marketing and did not do a major pre-launch announcement.

Plans for an accelerated rollout or full launch:

- Work with vendors for ramp-up of component shipments. The vendor with the smallest capacity is the weakest link in the chain. Sales estimates based on mini-market trials will be the basis for deciding how many of REI's 78 stores can be supplied and how quickly.
- Follow basically the same launch programs in all stores as was used for the initial mini-market rollout, with any improvements and changes indicated. Local marketing efforts can begin as soon as local managers are satisfied that their crews are sufficiently trained to sell the product.
- Promotion can now expand nationally. Public Relations: A launch announcement press release will be made to all national outdoor publications and programs. Experts from those publications and organizations will be invited to review the product. Advertising: The product can now be included in REI nationwide or system-wide advertising campaigns and event sponsorships. Print and banner ads will be in national and regional outdoor magazines and websites. If possible, advertising expenditures will be funded by cash flows generated by the product itself.
- Until this point, the launch has been limited to the release of the lower-cost version of the Universal Carrier that is designed to be used with customer's factory installed luggage rails. At this point, if the concept appears to be successful, the full line of products can be released.